

C. Ronald McGinnis, Jr.
Regulatory Affairs Lead
401 Eagle Run Road, P.O. Box 9239
Newark, DE 19714

Tel (302) 454 4840

Docket No. 08-266F

*CK# 2000311031
8-29-08 3:10 PM RB*

*Karen
Candy
Norma
Courtney
Janis*



**delmarva
power**

2008 AUG 29 PM 4:12

DELAWARE
A PPL Company

*ORIGINAL
DELAWARE PUBLIC SERVICE COMMISSION*

August 29, 2008

Hand Delivery

Mr. Bruce H. Burcat
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

RE: PSC Docket No. 08- F Instant GCR Filing

Dear Mr. Burcat:

Today, Delmarva Power & Light Company, is filing its gas cost estimates and proposed Gas Cost Rate ("GCR") for the twelve month period beginning November 1, 2008.

Please accept for filing with the Commission the original and fourteen copies of the enclosed Application.


For customers served under service classifications RG, GG and GL, the proposed increase in the GCR is 27.3%. For an average residential customer using 120 ccf per month, the overall monthly bill would increase \$25.25 or 14.8%. The proposed GCR factors, compared to those that went into effect on November 1, 2004, are set forth in the table below:

Mr. Bruce Burcat
August 29, 2008
Page 2

<u>Rate Schedules</u>	<u>Present</u>		<u>Proposed</u>	
	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>
RG, GG and GL	N/A	96.517¢/ccf	N/A	117.560¢/ccf
Non-electing MVG	\$10.20 Per MCF of MDQ	\$8.2710/Mcf	\$8.5538 Per MCF of MDQ	\$10.5303/Mcf
Electing MVG and LVG	\$10.20/Mcf of Mcf of MDQ	Varies	\$8.5538 Per Mcf of MDQ	Varies
Standby Service	\$10.20 Per Mcf of MDQ	N/A	\$8.5538 Per Mcf of MDQ	N/A

If the Commission or Staff has any questions, please do not hesitate to contact me at the telephone number listed above.

Sincerely,


C. Ronald McGinnis, Jr.

enclosures

cc:

James McC. Geddes, Esquire
Courtney A. Stewart
Susan B. Neidig
Brooke Leach, Esquire
G. Arthur Padmore
Andrea C. Crane
W. Thomas Bacon
Michael S. Poncia
Todd Goodman, Esquire
William R. Moore Jr.

DOCKET NO. 08-266F

DELMARVA POWER & LIGHT COMPANY

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GAS COST RATE
NOVEMBER 2008 - OCTOBER 2009

(APPLICATION, TESTIMONY, AND SCHEDULES)

BEFORE THE
DELAWARE PUBLIC SERVICE COMMISSION

BRIEFING SHEET

BRIEFING SHEET

2008/09 GAS COST RATE DELAWARE PSC DOCKET NO. 08- F

SUBJECT:

Delmarva Power & Light Company's Application to establish its annual commodity cost rate and the demand cost rate components of the Gas Cost Rate (GCR) for the period November 1, 2008 through October 31, 2009.

**CHANGE
SOUGHT:**

Delmarva seeks to revise the GCR demand and commodity charge applicable to Service Classifications MVG and LVG, and to revise the volumetrically applied GCR factors applicable to Service Classifications RG, GG, GL, and non-electing MVG, effective on November 1, 2008, with proration. The proposed GCR factors, compared to the presently effective charges, are shown below:

<u>Rate Schedules</u>	<u>Present</u>		<u>Proposed</u>	
	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>
RG, GG and GL	N/A	96.517¢/ccf	N/A	117.560¢/ccf
Non-electing MVG	\$10.2000/Mcf of Billing MDQ	\$8.2710/Mcf	\$8.5538/Mcf of Billing MDQ	\$10.5303/Mcf
Electing MVG and LVG	\$10.2000/Mcf of of Billing MDQ	Varies	\$8.5538/Mcf of Billing MDQ	Varies
Standby Service	\$10.2000/Mcf of Standby MDQ	N/A	\$8.5538/Mcf of Standby MDQ	N/A

**REASONS
FOR FILING:**

To establish the Gas Cost Rate factors for the twelve-month period November 2008 through October 2009. Section XX - Gas Cost Rate Clause of Delmarva's Gas Service Tariff requires, among other things, the submission of the Company's estimated annual gas costs for the twelve-month period beginning with the November billing month. Additionally, the Company proposes to:

- Reconcile and true-up actual versus estimated Commodity Cost Rate assignments for LVG and electing MVG customers.
- Reconcile and true-up actual versus estimated Commodity Cost Rate assignments for sales to Flexibly Priced Sales service customers.

EFFECTIVE DATE:

Effective with usage on and after November 1, 2008, with proration.

**IMPACT ON
CUSTOMERS:**

Customers served under Service Classifications RG, GG, and GL will experience a 14.8% increase in the level of the GCR. The effect on a residential space heating Customer using 120 ccf in a winter month would be a increase of \$25.25, or 14.8%, in their total bill. Customers served on Service Classifications GG and non-electing MVG would experience increases on their winter bills within the ranges of 8.7% to 17.1% and 16.1% to 22.3% respectively, depending on load and usage characteristics.

SECTION I - APPLICATION

**IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS) PSC Docket No. _____F
TO ITS GAS COST RATES)
(Filed August 29, 2008))**

Delmarva Power & Light Company (“Delmarva,” or the “Company”) makes the following application, pursuant to 26 Del. C. §§ 303(b) and 304, for approval of modifications to its gas cost rates. In support of its application, Delmarva states:

1. The Applicant is Delmarva Power & Light Company, New Castle Regional Office, 401 Eagle Run Road, P. O. Box 9239, Newark, Delaware, 19714. All communications concerning this Application should be sent to C. Ronald McGinnis Jr. at the above address, and to counsel for the Applicant identified in Paragraph 2.

2. Counsel for Delmarva is Todd Goodman, Esquire, Delmarva Power & Light Company, 800 King Street, P. O. Box 231, Wilmington, Delaware 19899.

3. Delmarva requests approval of its proposed changes to its gas cost rates as follows:

	<u>Present</u>		<u>Proposed</u>	
	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>
<u>Rate Schedules</u>				
RG, GG and GL	N/A	96.517¢/ccf	N/A	117.560¢/ccf
Non-electing MVG	\$10.2000/Mcf of Billing MDQ	\$8.2710/Mcf	\$8.5538/Mcf of Billing MDQ	\$10.5303/Mcf
Electing MVG and LVG	\$10.2000/Mcf of Billing MDQ	Varies	\$8.5538/Mcf of Billing MDQ	Varies
Standby Service	\$10.2000/Mcf of Standby MDQ	N/A	\$8.5538/Mcf of Standby MDQ	N/A

4. Delmarva also requests approval to reconcile and true-up actual versus estimated monthly Commodity Cost Rate assignments for sales under the Large Volume Gas service and for so-called "electing" customers taking service under the Medium Volume Gas classification and for sales made under the Flexibly Prices Sales Service ("FPS").

5. Delmarva requests that its proposed GCR changes including the "true-ups" referenced in paragraph 4 above be made effective for usage on and after November 1, 2008, with proration.

WHEREFORE, Delmarva requests that the Commission issue an order directing the Company to publish the attached public notice, and, after hearing, approve the proposed gas cost rates and other requests described herein.

Respectfully submitted,

DELMARVA POWER & LIGHT COMPANY

By: _____

Todd Goodman
Delmarva Power & Light Company
800 King Street
P. O. Box 231
Wilmington, DE 19899
(302) 429-3786

DATED: August 25, 2008

EXHIBIT B

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS) PSC Docket No. _____ F
TO ITS GAS COST RATES)
(Filed August 29, 2008)

ORDER NO. _____

AND NOW, to-wit, this ____ day of _____, A.D., 2008, Delmarva Power & Light Company, having, on August 29, 2008, filed the above-captioned Application with the Commission seeking approval to modify its Gas Cost Rates and for approval of related calculations to "true-up" costs and credits associated with the Large Volume Gas service and for "electing" customers under the Medium Volume Gas service;

AND, the Commission having determined, pursuant to 26 Del. C. §§ 303 and 304, that the proposed Gas Cost Rates and other requested modifications to its tariffs should be permitted to become effective for usage on and after November 1, 2008, with proration, and subject to refund pending evidentiary hearings and further review by the Commission;

Now Therefore,

IT IS ORDERED:

1. That pursuant to 26 Del. C. §§ 301 and 305, the application made by Delmarva Power on August 29, 2008, for modifications to its Gas Cost Rates and other tariff provisions be made effective as of November 1, 2008, with proration, subject to refund and evidentiary hearings to be held at a later date.

2. That _____ is designated as Hearing Examiner for this docket pursuant to the terms and provisions of 26 Del. C. § 502 and 29 Del. C. ch. 101 to schedule and conduct such public evidentiary hearings as may be necessary to develop a full and complete record concerning this matter, and to report to the Commission proposed findings and recommendations based on the evidence presented.
_____ is designated Rate Counsel for this matter.

3. That Delmarva Power shall give public notice of the filing of this application and of the Commission action thereon by publishing notice in the form attached hereto as Addendum to Exhibit "B" in two-column format, outlined in black in the legal classified sections of The News Journal on _____, 2008, with proof of such publication to be provided to the Commission as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

4. That Delmarva Power is hereby put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of 26 Del. C. § 114(b)(1).

5. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

CHAIR

VICE-CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY

ADDENDUM TO EXHIBIT B

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS) PSC Docket No. _____ F
TO ITS GAS COST RATES)
(Filed August 29, 2008))**

PUBLIC NOTICE

**TO: ALL NATURAL GAS CUSTOMERS OF DELMARVA POWER &
LIGHT COMPANY**

Pursuant to 26 Del. C. §§ 303 and 304, Delmarva Power & Light Company ("Delmarva" or the "Company") has filed an Application with the Delaware Public Service Commission ("Commission"). The Application requests a change in Gas Cost Rates as follows:

	<u>Present</u>		<u>Proposed</u>	
	<u>GCR</u> <u>Demand</u> <u>Charge</u>	<u>GCR</u> <u>Commodity</u> <u>Charge</u>	<u>GCR</u> <u>Demand</u> <u>Charge</u>	<u>GCR</u> <u>Commodity</u> <u>Charge</u>
<u>Rate Schedules</u>				
RG, GG and GL	N/A	96.517¢/ccf	N/A	117.560¢/ccf
Non-electing MVG	\$10.2000/Mcf of Billing MDQ	\$8.2710/Mcf	\$8.5538/Mcf of Billing MDQ	\$10.5303/Mcf
Electing MVG and LVG	\$10.2000/Mcf of Billing MDQ	Varies	\$8.5538/Mcf of Billing MDQ	Varies
Standby Service	\$10.2000/Mcf of Standby MDQ	N/A	\$8.5538/Mcf of Standby MDQ	N/A

In addition, the Application requests approval of the Company's proposal to reconcile and true-up actual versus estimated WACCOG assignments for sales under the Large Volume Gas service and for so-called "electing" customers taking service under the Medium

Volume Gas service and for sales made under the Flexibly Prices Sales Service ("FPS")

The Commission has permitted the proposed Gas Cost Rates and other rate related modifications to become effective as of November 1, 2008, subject to refund after evidentiary hearings and further proceedings. The Commission's action on this Application will be based upon the evidence presented at evidentiary hearings to be scheduled at a later date.

Any person or group wishing to participate formally as a party in this docket (PSC Docket No. 08-___F), with the right to submit evidence and to be represented by counsel must, in accordance with Rule 11, petition the Commission for and be granted leave to intervene in the proceedings in this docket. To be timely, all such petitions must be filed with the Delaware Public Service Commission at 861 Silver Lake Boulevard, Suite 100, Cannon Building, Dover, Delaware 19904 on or before _____, 2008. Petitions received thereafter will not be considered except for good cause shown.

Copies of the Application and the testimony and schedules the Company has filed in this docket are available for public inspection at the Commission's Dover office at the address set out above. Persons may also review copies of the Application and testimony by contacting the Division of the Public Advocate, Fourth Floor, Carvel State Office Building, 820 North French Street, Wilmington, Delaware at (302) 577-5077.

Individuals with disabilities who wish to participate in these proceedings or to review this tariff filing may contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person, by writing, telephonically, by use of the Telecommunications Relay Service, or otherwise.

The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission can also be reached at (302) 739-4333 and that number should also be used for Text Telephone ("TT") calls. Inquiries can also be sent to the Commission by Internet email to @state.de.us.

Appendix A

Appendix A consists of the following proposed tariff leaf revisions to the Company's Gas Service Tariff - P.S.C. Del. No. 5 - Gas:

- Thirty-eighth Revised Leaf No. 37
- Thirty-fifth Revised Leaf No. 38
- Sixth Revised Leaf No. 53
- Fifth Revised Leaf No. 55

RATES AND CHARGES
CORE SALES RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>GAS COST RATE</u>	<u>TOTAL</u>	<u>BASIS</u>
<u>Residential Gas Sales Service ("RG")</u>				
Customer Charge	\$9.56	--	\$9.56	per month
Commodity Charge	\$0.421010	\$1.17560	\$1.596610	per CCF
Space Heating Commodity Charge 1/ Over 50 CCF	\$0.337840	\$1.17560	\$1.513440	per CCF
Environmental Surcharge Rider	\$0.00238		\$0.00238	per CCF
<u>General Gas Sales Service ("GG")</u>				
Customer Charge	\$27.31	--	\$27.31	per month
Commodity Charge First 750 CCF	\$ 0.34975	\$1.17560	\$1.52535	per CCF
Over 750 CCF	\$ 0.26125	\$1.17560	\$1.43685	per CCF
Environmental Surcharge Rider	\$0.00238	--	\$0.00238	per CCF
<u>Gas Lighting Sales Service ("GL")</u> (Estimated Usage - 15 CCF per month)				
Monthly Charge	\$ 5.92	\$ 17.63	\$23.55	per gas light
<u>Medium Volume Gas Sales Service ("MVG")</u>				
Customer Charge	\$419.27	--	\$419.27	per month
Demand Charge	\$ 13.39	\$8.5538	\$ 21.9438	per MCF of Billing MDQ
Commodity Charge 2/	\$ 0.429790	\$11.7560	\$ 12.185790	per MCF
Environmental Surcharge Rider	\$0.02380		\$0.02380	per MCF
<u>Large Volume Gas Sales Service ("LVG")</u>				
Customer Charge	\$634.58	--	\$634.58	per month
Demand Charge	\$ 8.247210	\$8.5538	\$ 16.801010	per MCF of Billing MDQ
Commodity Charge 2/	\$ 0.103390	Varies	Varies	per MCF
Environmental Surcharge Rider	\$0.02380		\$0.02380	per MCF
<u>Public Utilities Tax</u>		4.25%	Charged on all non exempt services, including the GCR	
<u>City of Wilmington Local Franchise Tax</u>		2.00%	Charged on all non exempt services in the City of Wilmington, including the GCR	

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating commodity rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

Order No.
Docket No.

Filed: August 29, 2008
Effective with Usage on and After November 1, 2008

Proposed

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>NON-BASE RATE</u>	<u>BASIS</u>
<u>General Volume Firm Transportation Service ("GVFT")</u>			
Customer Charge	\$302.31		per month
Delivery Charge			
First 750 CCF	\$ 0.349750		per CCF Redelivered
Over 750 CCF	\$ 0.261250		per CCF Redelivered
Balancing Fee		\$ 0.3368	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00238		per CCF
<u>Medium Volume Firm Transportation Service ("MVFT")</u>			
Customer Charge	\$694.27		per month
Demand Charge	\$ 13.39		per MCF of Billing MDQ
Delivery Charge	\$ 0.429790		per MCF Redelivered
Balancing Fee		\$ 0.3368	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.02380		per MCF
<u>Large Volume Firm Transportation Service ("LVFT")</u>			
Customer Charge	\$909.58		per month
Demand Charge	\$ 8.247210		per MCF of Billing MDQ
Delivery Charge	\$ 0.103390		per MCF Redelivered
Balancing Fee		\$ 0.3368	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.02380		per MCF
<u>Standby Service ("SBS")</u>			
Demand Charge		\$8.5538	per MCF of Standby MDQ
Commodity Charge			Monthly System WACCOG per MCF (adjusted for losses and unaccounted-for)
<u>Public Utilities Tax</u>			
		4.25%	Charged on all non exempt services, including the GCR
<u>City of Wilmington Local Franchise Tax</u>			
		2.00%	Charged on all non exempt services, in the City of Wilmington, including the GCR

Order No.
Docket No.

Filed: August 29, 2008
Effective with Usage on and After November 1, 2008

Proposed

TRANSPORTATION SERVICE
TERMS AND CONDITIONS - (Continued)

H. Stand-by Maximum Daily Quantity

The Stand-by Maximum Daily Quantity for "Human Needs" firm transportation Customers shall equal their firm transportation MDQ. For all other firm transportation Customers the Stand-by Maximum Daily Quantity shall be specified in the contract.

I. Standby Service

Standby service, as provided under Service Classification "SBS", is required for any "Human Needs" Customer that does not maintain complete dual fuel capabilities for the load being served under any transportation Service Classification. Human Needs Customers are defined as those falling in the Standard Industrial Code ("SIC") 805-807 designations.

J. Metering

Metering shall be provided by the Company at its own expense. All firm transportation Customers shall have daily metering and interruptible Customers shall have hourly metering devices. The Customer shall provide an independent dedicated electrical supply and phone line for the operation of this equipment, in an area acceptable to the Company. A separate meter may be required by the Company, at the Customer's expense, where the Customer is taking service under more than one Service Classification at the same facility. When separate metering is not feasible, redeliveries shall be specified in the Service Agreement. The Company is under no obligation to install separate or additional metering for transportation Customers or their Agents and any remote access to the Company's meters will be at the Customer's expense.

K. Transportation Scheduling

The Company and Customer shall have scheduling personnel available 24 hours per day, seven days per week. Any notices provided to the Customer's gas supplier or Agent shall be deemed to have been made to the Customer, unless otherwise instructed in advance by the Customer.

The Company's transportation operating procedures, as modified from time-to-time, will be provided to each transportation Customer prior to the initiation of transportation service. The Company shall not be obligated to redeliver gas on any gas day that such gas is not received from the transporting pipeline(s). The business day is defined as being from 10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.

The quantity of gas tendered by the Customer for transportation shall be adjusted monthly for thermal content and reduced by two percent (2.0%) for losses and unaccounted-for gas. The thermal correction factor will be determined by dividing the average BTU content per MCF of gas received by the Company for transportation by the average BTU content per MCF of gas for the Company's system for that month.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

L. Balancing of Transportation Volumes (Continued)

If the Customer's cumulative monthly imbalance at the end of the month is an excess deliveries position, an amount up to five (5) percent of the Customer's deliveries, net of fuel and losses, shall be carried forward as the beginning imbalance in the following month. All excess deliveries at the end of the month greater than five (5) percent of the Customer's deliveries, net of fuel and losses, are subject to the monthly cash out provision hereunder.

The maximum allowable cumulative daily imbalances during any month (excess deliveries or excess takes) shall be two times the Contract MDQ. On any day, if a Customer's cumulative daily imbalances during any month (excess deliveries or excess takes) exceeds two times the Customer's Contract MDQ, the Company may issue an Operational Flow Order (OFO) to require adjustments to Customer's daily scheduling of deliveries or takes over a reasonable period of time to maintain a concurrent balance or remedy an imbalance.

On any gas day, if an excess takes imbalance causes Customer's cumulative daily imbalances during any month to exceed two times the contract MDQ, such excess shall be cashed out at the higher of the relevant *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., plus the applicable transportation rate and all taxes and surcharges, unless Delmarva notifies the Customer that the excess takes will not be cashed out, but will be accumulated.

On any gas day, if an excess deliveries imbalance causes Customer's cumulative daily imbalances during any month to exceed two times the Contract MDQ at any time during the month, such excess shall be immediately cashed out for all excesses above two times the MDQ at a price equal to one ninety percent (90%) of the lower of the relevant *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., unless Delmarva notifies the Customer that the excess will not be cashed out but will be accumulated.

M. Transportation Balancing Fee

A balancing fee shall be applicable to all Transportation Services and assessed on the customer's total monthly throughput adjusted for thermal content and reduced by two percent (2.0%) for losses and unaccounted-for gas and daily takes, either excess deliveries or excess takes.

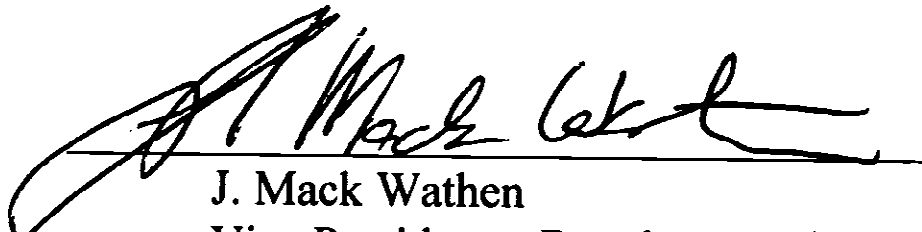
N. Unauthorized Overrun

An unauthorized overrun is defined as the occurrence, without authorization from the Company, of one of the following three conditions:

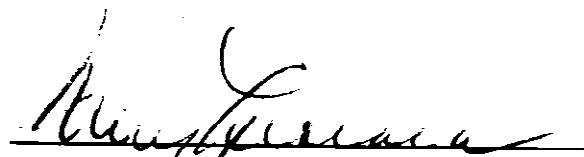
- (1) Any quantity of gas taken hereunder on any gas day in excess of 110% of the Customer's actual gas deliveries for that gas day, net of fuel and losses, shall be considered unauthorized overrun volumes.

STATE OF DELAWARE)
) SS.
COUNTY OF NEW CASTLE)

On this 27th day of August, 2008, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid J. Mack Wathen, Vice President of PHI Service Company, a corporation existing under the laws of the State of Delaware and the Commonwealth of Virginia, party to this Application, known to me personally to be such, and acknowledged this Application to be his act and deed and the act and deed of such corporation, that the signature of such Vice President is in his own proper handwriting, and that the facts set forth in this Application are true and correct to the best of his knowledge and belief.


J. Mack Wathen
Vice President – Regulatory Affairs

SWORN TO AND SUBSCRIBED before me this 27th day of August 2008.


Notary Public

My Commission expires: 5/6/2012

SECTION II – TESTIMONY AND SCHEDULES